

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

H.B. 879  
May 4, 2021  
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40516-MRa-132A

Short Title: LME/MCO Funds Transfer/Partners Add'l Funding. (Public)

Sponsors: Representative K. Baker.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE FUNDING FOR PARTNERS HEALTH MANAGEMENT, A LOCAL  
3 MANAGEMENT ENTITY/MANAGED CARE ORGANIZATION (LME/MCO), FOR  
4 STAFF TRAINING AND DEVELOPMENT OF PROVIDER NETWORKS AND TO  
5 DIRECT THE TRANSFER OF LME/MCO FUNDS UPON DISSOLUTION OF AN  
6 LME/MCO OR DISENGAGEMENT OF A COUNTY OR COUNTIES FROM AN  
7 LME/MCO.

8 The General Assembly of North Carolina enacts:

9 SECTION 1. There is appropriated from the General Fund to the Department of  
10 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
11 Substance Abuse Services, the sum of ten million dollars (\$10,000,000) in nonrecurring funds in  
12 the 2021-2022 fiscal year to be allocated to the local management entity/managed care  
13 organization (LME/MCO) Partners Health Management to be used for staff training and  
14 development of its health care provider networks.

15 SECTION 2. G.S. 122C-115.3 reads as rewritten:

16 "§ 122C-115.3. ~~Dissolution of area authority.~~authority; transfer of area authority funds.

17 ...  
18 (e) Any fund balance or risk reserve available to an area authority at the time of its  
19 dissolution that is not utilized to pay ~~liabilities~~liabilities, including liabilities to health care  
20 providers, shall be transferred to ~~the area authority~~one or more area authorities contracted to  
21 operate the 1915(b)/(c) Medicaid Waiver or a BH IDD tailored plan in all or a portion of the  
22 catchment area of the dissolved area authority. ~~If the fund balance transferred from the dissolved~~  
23 ~~area authority is insufficient to constitute fifteen percent (15%) of the anticipated operational~~  
24 ~~expenses arising from assumption of responsibilities from the dissolved area authority, the~~  
25 ~~Secretary shall guarantee the operational reserves for the area authority assuming the~~  
26 ~~responsibilities under the 1915(b)/(e) Medicaid Waiver until the assuming area authority has~~  
27 ~~reestablished fifteen percent (15%) operational reserves.~~authority, as directed by the Department.

28 (e1) When any county disengages from one area authority and realigns with another area  
29 authority, a portion of the fund balance and risk reserve of the area authority from which the  
30 county is disengaging shall be transferred to the area authority with which the county is realigning  
31 in the following manner:

32 (1) Percentage calculation. – The percentage of funds to be transferred shall be  
33 the 12-month average number of Medicaid beneficiaries who were enrolled  
34 with the area authority from which the county is disengaging and resided in  
35 the departing county divided by the 12-month average number of Medicaid



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1 beneficiaries who were enrolled with the area authority from which the county  
2 is disengaging.  
3 (2) Risk reserve funds. – The percentage calculated under subdivision (1) of this  
4 subsection shall be applied to the risk reserve of the area authority from which  
5 the county is disengaging, and that amount shall be transferred to the area  
6 authority with which the county is realigning no later than 10 days after the  
7 date of disengagement of the county. These funds shall be deposited into the  
8 risk reserve of the area authority with which the county is realigning.  
9 (3) Other fund balance. – Generally acceptable accounting principles issued by  
10 the Financial Accounting Standards Board shall be used to determine the fund  
11 balance, excluding the risk reserve funds, of the area authority at the time of  
12 county disengagement. The percentage calculated under subdivision (1) of  
13 this subsection shall then be applied to that fund balance, and the resulting  
14 amount shall be transferred from the area authority from which the county is  
15 disengaging to the area authority with which the county is realigning no later  
16 than 10 days after the date of disengagement of the county.  
17 (e2) Effective until the date that BH IDD tailored plans begin operating, if the amount  
18 transferred pursuant to subsection (e) or subdivision (e1)(2) of this section is insufficient to  
19 constitute fifteen percent (15%) of the anticipated increased operational expenses of the assuming  
20 area authority resulting from a county realignment under this section, then the Secretary shall  
21 guarantee the operational reserves for the assuming area authority until the assuming area  
22 authority has reestablished fifteen percent (15%) operational reserves.  
23 ...."  
24 **SECTION 3.** This act becomes effective July 1, 2021.